

22 February 2010

HALF YEAR RESULTS TO 31 DECEMBER 2009

Please find attached the following documents:

- Appendix 4D - Half-Year Report
- Half Year Results Announcements
- Half Year Financial Statements

Derek Russell
Company Secretary



DKN Financial Group Limited
ABN 75 008 112 150

DKN Financial Group Limited

A.B.N. 75 008 112 150

Appendix 4D Half-Year Report

**Period Ending 31 December 2009
(Consolidated)**



DKN Financial Group Limited
 ABN 75 008 112 150

Results for Announcement to the Market

	2009 Half Year \$000's	2008 Half Year \$000's	Movement
Revenues from continuing operations	13,536	12,423	Up 8.9%
Profit before tax from continuing operations	5,410	(13,316)	
Profit after tax from continuing operations	3,870	(14,653)	
Profit after tax attributable to members	3,870	(14,653)	
Dividends	An unfranked interim dividend of 2 cent per fully paid ordinary share is proposed. Declaration of the dividend will follow in due course.		

Brief Explanation of Result

Refer to the announcement made to the market dated 22 February 2010 and the 31 December 2009 Financial Report released on the same date.

Net Tangible Asset Backing

	31 December 2009	31 December 2008
Per Ordinary Share	7.3 cents	4.0 cents

Control of Entities Gained or Lost During Period

Nil



DKN Financial Group Limited
ABN 75 008 112 150

Dividends

An unfranked interim dividend of 2 cent per fully paid ordinary share is proposed. Declaration of the dividend will follow in due course.

Dividend Reinvestment Plan

Dividend Reinvestment Plan is currently suspended.

Details of Associates and Joint Venture Entities

Nil

Foreign Entities

Not Applicable

Events Occurring after Reporting Date

No matter or circumstance has arisen since 31 December 2009 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in future financial years

Review Update

The consolidated financial statements of DKN have been reviewed by Deloitte Touche Tohmatsu (see attached financial statements).



DKN Financial Group Limited
ABN 75 008 112 150

ASX Announcement - February 22, 2010 HALF YEAR RESULTS TO DECEMBER 31, 2009

STRONG RETURN TO PROFIT GROWTH FOR DKN

DKN Financial Group Limited (DKN), a leading financial services solutions provider to wealth management practices, today announced an underlying net profit after tax of \$3.87m for the six months to December 31 2009, an increase of 25 per cent on the previous corresponding period (pcp).

With FUA over the first half climbing by 16.8 per cent to \$7.75 billion compared to the previous corresponding period, the scalability of DKN's business model is driving ongoing profit growth. The operating expense to net revenue ratio is currently at 56 per cent, but will continue to decrease as revenue increases, flowing through to disproportionate profit increases due to DKN's control over expenses.

OVERVIEW

- Underlying profit after tax of \$3.87m, compared to \$3.09m for pcp, up 25%
- FUA of \$7.75b, up 16.8% compared to pcp
- Positive platform net inflows of \$306m
- Net cash of \$2.44m as at end December 2009
- Operating expense to net operating revenue ratio 56%
- Expected unfranked interim dividend of 2 cents per share*
- Pre-tax Return on Carrying Value of 12.7% (annualised) from minority equity investments
- Retained highly skilled team and expanded quality community of wealth management practices

*DKN has claimed significant deductions post the Lonsdale transaction. This has resulted in no tax payments for 2008, 2009 and 2010. These claims are yet to be assessed by the Australian Taxation Office.

HALF YEAR FINANCIAL OVERVIEW

	HY 2010	HY 2009	09/10 Change	FY June 09
FUA (\$b)	7.75	6.63	16.8%	6.83
Revenue (\$m)	13.53	12.42	9%	24.14
Operating Costs (\$m)*	7.58	7.28	4%	15.32
Underlying profit post tax (\$m)	3.87	3.09	25%	6.19

* Due to full accrual of employee bonuses and higher Partner Plan expense due to FUA growth these variable costs have increased Operating Costs by 8% compared to pcp.

CHIEF EXECUTIVE OFFICER'S COMMENTARY

Having come through the economic downturn, it is worth reflecting that DKN maintained positive net inflows throughout the extremely difficult circumstances in part due to the strength of our relationships with the DKN network of wealth management practices, the quality of those practices and the Group's ability to continually enhance our offering to our network.

The fact that DKN has now returned to a position of strong profit growth is a reflection of these factors and most importantly, the scalability of our business model.

With this in mind, we continue to review strategic transactions to increase scale and diversify our offer while protecting and enhancing the current business model and the combined DKN and Lonsdale community.

We continue to strengthen our position in the industry with a highly relevant offering that sees DKN draw new wealth management practices to the Group against the backdrop of an extremely competitive environment which is set to undergo many changes in the coming years.

DKN advocates fee for service and continued commercial reviews to ensure current structures provide adequate investor protection. DKN is monitoring and involved in industry developments to ensure it continues to be well positioned to implement any changes which flow from the various inquiries and reviews into the financial services industry.

Given DKN's position in the market, continued commitment to our business model and the significance of its scalability, the Group is in a very strong position.

OUTLOOK

In light of the market volatility experienced in January and February 2010, with markets down approximately 8 per cent, Directors anticipate FUA growth at a similar level in the second half to deliver a FY 2010 FUA of \$8 billion with at least \$7.5 million underlying profit after tax. This guidance is based on current levels of net flows, stable markets and no impairment charges to assets.

For further information, please contact:

Phil Butterworth
Chief Executive Officer
Tel: 03 9667 0700

or Pam Kelton
Media Adviser
Mobile: 0417 536 805

About DKN

DKN Financial Group is a listed financial services solutions provider to wealth management practices.

DKN uses its scale to source and develop a range of quality products and services that wealth management practices need to run a successful and profitable practice. These include competitively priced platforms, insurance, finance and investment products, acquisition and succession solutions, pricing discounts and access to quality compliance support, practice management advice, software solutions, research services and licensing solutions through Lonsdale Financial Group.

DKN has approximately \$7.75 billion funds under administration and more than 300 quality practices accessing its range of products and services.



Financial Group

DKN Financial Group Limited

ACN 008 112 150

**Financial report for the half-year ended 31
December 2009**

Financial report for the half-year ended 31 December 2009

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Directors' Report

The Directors of DKN Financial Group Limited submit herewith the financial report of DKN Financial Group Limited and its subsidiaries (the Group) for the half-year ended 31 December 2009. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the directors of the company during the half-year and up to the date of this report are:

R E Hunwick – Chairman
C F Kelaher
P J Dunn
K J Wright
G Della
R Uy (appointed 25 November, 2009)
C L Powell (resigned 25 November, 2009)

P Butterworth - Chief Executive Officer

Review of operations

A summary of consolidated revenues and results for the half-year by significant business segments is set out below.

Continuing Operations

	Segment revenues		Segment results	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Platform Solutions	8,213	7,752	6,802	6,405
Product Solutions	825	1,038	417	685
Acquisition and Succession	513	462	401	400
Lonsdale Financial Group	3,673	2,766	54	(569)
Total Segment Revenue/Result	13,224	12,018	7,674	6,921
Unallocated (including asset impairment in 2008)	313	405	(2,264)	(20,237)
Profit before income tax expense				
	13,537	12,423	5,410	(13,316)
Income tax expense			(1,540)	(1,337)
Net Profit after income tax expense			3,870	(14,653)
Net Profit attributable to members of DKN Financial Group Limited			3,870	(14,653)

Comments on the operations and the results of those operations are set out below and are supplemented by the ASX announcement made on 22 February 2010.

The environment in the half-year was a difficult one, as the economy sluggishly returned to growth after reaching the depth of the global financial crisis in March, 2009. DKN achieved a commendable result in the circumstances with an underlying profit of \$3.87 m compared with an underlying profit of \$3.09 m in the prior corresponding period (pcp).

Net inflows have remained positive throughout the downturn, which is a highly creditable result given the general lack of confidence in the community.

An overview of the half-year is set out below:

- Underlying profit, after tax, of \$3.87m, compared to \$3.09m for pcp, up 25%
- FUA of \$7.75b, up 16.8% compared to pcp
- Positive platform net inflows of \$306m
- Net cash of \$2.44m as at 31 December 2009
- Operating expense to net operating revenue 56%
- Pre-tax ROCV of 12.7% (annualised) from minority equity investments
- Retained highly skilled team and expanded quality community of wealth management practices

It will be recalled that the Directors, at 31 December 2008, prudently reviewed the balance sheet and recognised the impairment of a number of assets. The Directors are pleased to report that, following a further review at 31 December 2009, no further impairments were necessary and it is the opinion of the Directors that all assets are fairly valued.

DKN has claimed significant deductions from income tax following the merger with Lonsdale Financial Group Limited in 2007. As a result, there have been no tax payments made in respect of the years ended June 2008, 2009 or 2010. These claims are yet to be assessed by the Tax Office.

In light of the sound operational performance of the Group, the Directors aim to declare an interim unfranked dividend from accumulated profits at 31 March 2010 of 2 cents per share. This dividend will be subject to continued satisfactory performance at that date.

Auditor's independence declaration


The auditor's independence declaration is included on page 4 of the Half-Year Report.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1997, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors



R E Hunwick
Chairman
Melbourne, 22 February 2010

The Board of Directors
DKN Financial Group Limited
120 Collins Street
MELBOURNE VIC 3000

22 February 2010

Dear Board Members

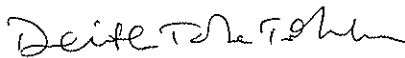
DKN Financial Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of DKN Financial Group Limited.

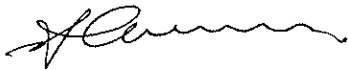
As lead audit partner for the review of the financial statements of DKN Financial Group Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Peter Caldwell
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of DKN Financial Group Limited

We have reviewed the accompanying half-year financial report of DKN Financial Group Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DKN Financial Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Deloitte

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

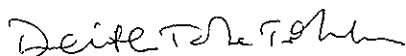
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of DKN Financial Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Peter Caldwell
Partner
Chartered Accountants
22 February 2010

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



R E Hunwick
Chairman

Melbourne

Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2009

	Half-year ended 31 December 2009 \$000	Half-year ended 31 December 2008 \$000
Continuing operations		
Revenue	13,067	12,067
Share of profits of associates accounted for using the equity method	469	356
Commission expense - advisers	-	6
Commission expense – Partner Program distribution	(532)	(577)
Compliance costs	(51)	(62)
Employee benefits expense	(3,744)	(3,370)
Professional service fees	(497)	(716)
Consulting fees	(36)	(191)
Insurance expense	(330)	(281)
Administration expense	(93)	(195)
Occupancy expense	(310)	(283)
Depreciation and amortisation expenses	(244)	(248)
Finance costs	(539)	(720)
Services to associates	(604)	(440)
Travel & entertainment	(200)	(254)
Marketing	(112)	(152)
Impairment of Assets	-	(17,740)
Other expenses	(834)	(516)
Profit before income tax expense	5,410	(13,316)
Income tax expense	(1,540)	(1,337)
Profit for the period	3,870	(14,653)
Other comprehensive Income		
Gain/(loss) on cash flow hedges taken to equity	144	(681)
Income tax relating to components of other comprehensive equity	(43)	157
Other Total comprehensive income for the period	101	(524)
Total comprehensive income for the period	3,971	(15,177)
Basic (cents per share)	2.76	(10.43)
Diluted (cents per share)	2.59	(10.43)

Notes to the financial statements are included on pages 12 to 15.

Condensed consolidated statement of financial position as at 31 December 2009

	31 December 2009 \$000	30 June 2009 \$000
Current assets		
Cash and cash equivalents	14,424	11,472
Trade and other receivables	2,959	6,380
Other financial assets	620	338
Total current assets	18,003	18,190
Non-current assets		
Investments accounted for using the equity	10,529	10,407
Other financial assets	1,627	2,107
Plant and equipment	1,177	1,108
Intangible assets	92,144	92,117
Goodwill	42,932	42,959
Total non-current assets	148,409	148,698
Total assets	166,412	166,888
Current liabilities		
Borrowings	11,800	3,200
Trade and other payables	2,406	4,065
Provisions	1,129	1,105
Total current liabilities	15,335	8,370
Non-current liabilities		
Borrowings	-	10,200
Provisions	208	187
Deferred tax liability	5,259	3,665
Leasehold liabilities incentives	186	213
Total non-current liabilities	5,653	14,265
Total liabilities	20,988	22,635
Net assets	145,424	144,253
Equity		
Issued capital	170,808	170,768
Reserves	(105)	(206)
Accumulated losses	(25,279)	(26,309)
Total equity	145,424	144,253

Notes to the financial statements are included on pages 12 to 15.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2009

	Share Capital \$'000	Cash Flow Hedge Reserve \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1 July 2008	175,796	54	(9,911)	165,939
Gain/(loss) on cash flow hedge	-	(524)	-	(524)
(Loss)/profit for the period	-	-	(14,653)	(14,653)
Total Comprehensive Income for the period		(524)	(14,653)	(15,177)
Recognition of Share Based payments (Options)	563	-	-	563
Share Buyback	(5,227)	-	-	(5,227)
Payment of dividends	-	-	(4,855)	(4,855)
Balance at 31 December 2008	171,132	(470)	(29,419)	141,243
Balance at 1 July 2009	170,768	(206)	(26,309)	144,253
Profit/(Loss) for period	-	-	3,870	3,870
Gain/(Loss) on cash flow hedge (net of tax)		101	-	101
Total Comprehensive Income for the period	-	101	3,870	3,971
Issue of Options	40	-	-	40
Payment of dividends	-	-	(2,840)	(2,840)
Balance at 31 December 2009	170,808	(105)	(25,279)	145,424

Notes to the financial statements are included on pages 12 to 15.

Condensed consolidated Statement of Cash Flows for the half-year ended 31 December 2009

	Half-year ended 31 December 2009 \$'000	Half-year ended 31 December 2008 \$'000
Cash flows from operating activities		
Management fees and commissions received	12,504	12,173
Payments to suppliers/advisers	(8,765)	(8,579)
Interest and other costs of finance paid	(513)	(539)
Income tax refunded (paid)	2,813	(2,300)
Net cash provided by operating activities	6,039	755
Cash flows from investing activities		
Interest received	345	253
Distributions received from equity accounted investments	469	388
Proceeds from repayment of loans to related parties	706	-
Payment for plant and equipment	(207)	(19)
Acquisition of Intangible Asset	-	(125)
Net cash used in investing activities	1,313	497
Cash flows from financing activities		
Dividends paid	(2,840)	(4,855)
Repayment of borrowings	(1,600)	(1,000)
Proceeds from issue/(buy back) of equity securities	40	(5,227)
Net cash used in financing activities	(4,400)	(11,082)
Net increase/(decrease) in cash and cash equivalents	2,952	(9,830)
Cash and cash equivalents at the beginning of the half-year	11,472	16,763
Cash and cash equivalents at the end of the half-year	14,424	6,933

Notes to the financial statements are included on pages 12 to 15.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2009

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 'Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with *International Financial Reporting Standard IAS 34 'Interim Financial Reporting'*. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2009 annual financial report for the financial year ended 30 June 2009, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include;

AASB 3	Business Combinations
AASB 8	Operating Segments
AASB 101	Presentation of Financial Statements
AASB 127	Consolidated and Separate Financial Statements

The adoption of these new and revised Standards and Interpretations have resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements in the following areas;

- Presentation of the financial statements. As a consequence of the adoption of AASB 101 *Presentation of Financial Statements (2007)* and its associated amending standards, the Group presents a statement of comprehensive income in place of income statement
- Information about the Group's segments. The adoption of AASB8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* has not resulted in any change in the Group's reportable segments

2. Segment Information

The Group has adopted AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. There is no change in the identification of the Group's reportable segments following the adoption of AASB8.

The Group's reportable segments are as follows:

- Platform Solutions – responsible for the sourcing and management of platforms
- Product Solutions – responsible for sourcing and researching investment and risk products
- Lonsdale Financial Group – responsible for the provision of services to the Lonsdale advisor network
- Acquisition and Succession – responsible for management of the acquisition and succession program in accounting and financial planning practices.

Segment revenue

	2009 \$000	2008 \$000
Platform Solutions	8,213	7,752
Product Solutions	825	1,038
Acquisition and Succession	513	462
Lonsdale Financial Group	3,673	2,766
Total of all segments	13,224	12,018
Unallocated	312	405
Consolidated Revenue	13,536	12,423

Segment result

	2009 \$000	2008 \$000
Platform Solutions	6,802	6,405
Product Solutions	417	685
Acquisition and Succession	401	400
Lonsdale Financial Group	54	(569)
Segment result	7,674	6,921
Corporate Expenses	(1,851)	(2,004)
Asset Impairments	-	(17,740)
Depreciation/Amortisation	(244)	(248)
Interest Received	345	404
Interest Expense	(514)	(649)
Earnings before income tax expense	5,410	(13,316)
Income tax expense	(1,540)	(1,337)
Profit/(Loss) for the period from continuing operations	3,870	(14,653)

	Half-year ended 31 December 2009		Half-year ended 31 December 2008	
	Cents per share	Total \$'000	Cents per share	Total \$'000
3. Dividends				
During the period, DKN Financial Group Ltd made the following dividend payments:				
<u>Recognised amounts</u>				
Fully paid ordinary shares				
Final dividend	2.0	2,840	3.5	4,855
	<u>2.0</u>	<u>2,840</u>	<u>3.5</u>	<u>4,855</u>
<u>Unrecognised amounts</u>				
Fully paid ordinary shares				
Interim dividend	-	-	-	-

4. Issuances, repurchases and repayments of securities

There were the following movements in DKN Financial Group Ltd's securities during the half year ended 31 December, 2009:

	Fully Paid Ordinary Securities	Options
Balance at 1 July, 2009	138,137,454	4,601,000
Conversion of practice shares	3,844,167	
Issue of Options		6,912,500
Options Lapsed		(2,055,000)
Balance as at 31 December, 2009	141,981,621	9,458,500

5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Carrying Value of Assets – Intangibles and Goodwill

'Value in use' method has been used to calculate the recoverable amount for the purpose of impairment testing of these assets in accordance with AASB136 "Impairment of Assets". The following key assumptions have been made in calculating the 'value in use':

Growth Rate beyond 5 years	5%
Discount Rate	12%

Carrying Value of Assets – Associate Investments

'Value in use' method has been used to calculate the recoverable amount for the purpose of impairment testing of these assets in accordance with AASB136 "Impairment of Assets". The following key assumptions have been made in calculating the 'value in use':

Growth Rate beyond 5 years	3%
Discount Rate	15%

The discount rate for the calculation of the 'value in use' of the associate investments has been increased from 12% used at 30 June 2009 to 15% and the growth rate beyond 5 years has been reduced from 5% used at 30 June 2009 to 3%, to recognise the increased risk profile of a minority investment in an unlisted business and changes in future cashflow projections.

6 Contingent Liabilities

There are no contingent liabilities as at 31 December 2009. There were no contingent liabilities as at 31 December 2008.

7 Subsequent Events

No matter or circumstance has arisen since 31 December 2009 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in future financial years.